

Statement of Todd Hauptli
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On Behalf Of
The American Association of Airport Executives/Airports Council International-North America
House Homeland Security Subcommittee on
Economic Security, Infrastructure Protection, and Cybersecurity
Leveraging Technology to Improve Aviation Security
July 13, 2005

Mr. Chairman, I want to thank you and the subcommittee for holding this important hearing on leveraging technology to improve aviation security. I am testifying today on behalf of the American Association of Airport Executives (AAAE), Airports Council International – North America (ACI-NA), and our Airport Legislative Alliance, a joint legislative advocacy organization. AAAE represents the men and women who manage primary, commercial service, reliever, and general aviation airports. ACI-NA represents local, regional and state governing bodies that own and operate commercial airports in the United States, and Canada.

Today's hearing is especially timely given the situation that is emerging at a number of airports across the country this summer with air travel returning to and in many cases exceeding record levels. What travelers are finding – as many of you on the subcommittee can attest to as frequent fliers – is that the trip to the airport is quickly becoming a test of patience and endurance due in large part to the ongoing challenges TSA faces in meeting its passenger and baggage screening mandates.

Overcrowding at ticketing areas due to increased passenger volume and the presence of SUV-sized explosive detection (EDS) equipment that has been parked “temporarily” in terminal buildings by TSA continues to be a problem at a number of airports, and passenger screening checkpoints at many locations resemble Disneyland on a busy day. In addition to being a major inconvenience for passengers, this situation represents a growing security threat that must be addressed as quickly as possible.

Recognizing the problems inherent in the existing, labor-intensive passenger and baggage screening model, the airport community has for several years now been very vocal in encouraging the federal government to embrace technology as a means of expediting the passenger and baggage screening process and better utilizing scarce federal resources. While there are a number of new technological tools that merit serious consideration, we would like to highlight for the subcommittee today the case for moving forward with in-line installation of EDS equipment to screen checked baggage and the promise we believe programs like Registered Traveler offer in focusing limited resources on true threats to the aviation system. Moving quickly in these areas will provide enormous bang for the buck while greatly enhancing security.

Federal Government Must Partner With Industry to Solve Security-Related Challenges

Moving forward, it is clear that airports and the aviation industry can and should play an active role in partnering with the federal government to design and implement meaningful solutions. The establishment of effective public/private partnerships has already proven extremely successful, for example, in building a system for processing fingerprint-based background checks and additional background screening for more than 1.6 million employees at airports through the Transportation Security Clearinghouse. Additionally, the airport community and its aviation industry partners are moving forward to create a permanent, interoperable Registered Traveler program that will bring screening consistency and improved security to the aviation system. These examples and others illustrate that the best path forward is one where federal resources and standards are combined with airport and aviation industry knowledge, expertise, and creativity.

In-Line EDS Systems: Enhanced Security, Improved Efficiency, Reduced Personnel Costs

Perhaps, the greatest area of opportunity in terms of enhanced security, increased efficiency, and potential long-term TSA budget savings in the baggage screening arena comes from the permanent installation of explosive detection equipment in the nation's airports – a fact that has been acknowledged by the 9/11 Commission and others.

In order to attempt to meet congressional deadlines to screen all checked baggage placed aboard commercial aircraft, TSA quickly placed thousands of explosive detection system and explosive trace detection machines (ETD) in airports across the country. Many of those machines have been placed in airport ticketing lobbies without the kinds of integrated approaches that take maximum advantage of their certified throughputs and alarm reconciliation capabilities. The result, too often, is crowded airport lobbies (a safety and security hazard), major backups at a number of security screening checkpoints, and a huge increase in the number of TSA personnel necessary to operate the equipment. At many airports with ETD solutions, especially during peak times, TSA checkpoint screeners are directed to baggage screening, resulting in extremely long lines at the passenger checkpoints.

While virtually everyone agrees that the best solution at many airports is to move EDS equipment from crowded lobbies and place it “in-line” as part of an airport's integrated baggage system, making the necessary changes at airports – reinforcing flooring, electrical upgrades, building new facilities, etc. – are neither easy nor inexpensive. Current cost estimates run in the \$4 billion to \$5 billion range for airports nationwide. These upfront capital costs are modest, however, when compared to the extraordinary expenses necessary to pay for literally thousands of extra screeners year after year using today's model. In-line screening in airports such as Tampa International Airport has also been shown to reduce the rate of TSA screener on-the-job injuries. The handful of airports that currently have in-line baggage systems report that they have paid for themselves with personnel cost reductions in as little as 16 months. The personnel saved by these solutions are then available for other airports or to accommodate growth at the host airport.

The Government Accountability Office verified the benefits of in-line EDS installation in a March 2005 report (GAO-05-365) entitled “System Planning Needed to Optimize the Deployment of Checked Baggage Screening Systems.” Among other things, the report notes that at the nine airports where TSA has committed resources to moving EDS equipment in-line, these systems will save the federal government **\$1.3 billion over seven years** through a dramatic reduction in personnel requirements. Specifically, it is estimated that in-line EDS systems at those nine airports will reduce by 78 percent the number of TSA baggage screeners and supervisors required to screen checked baggage from 6,645 to 1,477. The report further notes that **TSA will recover its initial investment in in-line systems at those airports in just over a year.**

Despite the clear benefits of moving forward with in-line EDS installation, gaining the resources necessary to expedite the process at airports has been difficult. Through fiscal year 2005, Congress has appropriated \$1.783 billion for EDS-related terminal modifications, although significant portions of those funds were used by TSA on the short-term challenges associated with getting EDS machines in airports to attempt to meet the original statutory deadlines. With conservative estimates that the federal government needs to commit a total of \$4 billion to \$5 billion to get the job done at airports that require these solutions, the federal government has met less than half of that need since September 11.

Current Situation: Only a Few Airports Have In-Line Systems or Funding for In-Line Systems

Currently, only 10 of more than 430 commercial service airports currently have in-line EDS systems – Boise; Jacksonville; Lexington, Kentucky; Manchester; Tulsa; Boston; Harrisburg; San Francisco; John Wayne International; and Tampa. An additional eight have received commitments from TSA to fund in-line systems through the Letter of Intent (LOI) process – Atlanta; Boston (previously noted); Denver; Dallas/Fort Worth; Las Vegas; Los Angeles and Ontario International; Phoenix; and Seattle-Tacoma.

The LOI process allows interested airports to provide immediate funding for key projects with a promise that the federal government will reimburse the airport for those expenses over several years. At Dallas-Fort Worth International Airport, for example, the airport used its strong rating in the financial market to leverage the LOI and to issue bonds to install these systems. This approach takes advantage of professional airport management capabilities and maximizes the use of limited federal resources to ensure that key construction projects get underway as soon as possible.

Under the LOI process, the federal government has committed to reimbursing airports for these projects over a three to five year period. The following lists the LOI airports and the total project cost at those airports:

LOI Airports

| <u>Airport</u> | <u>Total Cost</u> | Deleted: . |
|----------------------------|------------------------|---------------|
| Atlanta | \$125 million | Deleted: . |
| Boston Logan | \$116 million | Deleted: . |
| Dallas/Fort Worth | \$139 million | Deleted: . |
| Denver International | \$95 million | Deleted: . \$ |
| Las Vegas McCarran | \$125 million | Deleted: . |
| Los Angeles/Ontario | \$342 million | Deleted: . |
| Phoenix | \$122 million | Deleted: . |
| Seattle/Tacoma | \$212 million | Deleted: . |
| Total LOI Airports: | \$1.276 Billion | Deleted: . |

Unfortunately, the prospects for gaining resources to move forward at airports beyond the nine LOI airports remain bleak. The TSA budget request for FY 2006 calls for only \$250 million for EDS installation projects, the amount mandated in law by VISION-100 FAA reauthorization legislation. While \$250 million is certainly a significant amount of money, the fact is that it will allow TSA to move forward at only a handful of airports.

In fact, TSA has estimated that roughly \$240.5 million of the \$250 million requested will be used to meet existing commitments at the nine airports covered by the existing eight LOIs with the agency (the LOI for Los Angeles World Airports covers both Los Angeles International Airport and Ontario International Airport). The \$240.5 million figure assumes that the agency is allowed once again to ignore provisions in law that require the federal government to pay for 90 percent of the costs of those projects, otherwise it will be much higher.

While the projects at those nine airports are necessary, critical, and a top priority, the simple fact of the matter is that incremental installments of \$250 million a year will not get projects started at additional airports in the foreseeable future. Clearly, more resources are needed to address the dozens of other airports that do not currently have LOIs with the TSA. To give the subcommittee an idea of the scope of current needs that exist beyond the LOI airports, we have included the latest data we have from a number of airports that have identified EDS installation as a major challenge facing their facility.

Airports Currently Without Funding in Place for EDS Installation (With Project Cost Estimate)

| | | | |
|-------------------|---------------|----------------------------|---------------|
| Albuquerque | \$48 million | Anchorage | \$27 million |
| Biloxi | \$5 million | Bismarck | \$20 million |
| Bradley | \$35 million | BWI | \$65 million |
| Charlotte | \$40 million | Chicago Midway/O'Hare | \$90 million |
| Cincinnati | \$20 million | Cleveland | \$45 million |
| Colorado Springs | \$15 million | Detroit | \$100 million |
| Elgin AFB | \$2 million | El Paso | \$15 million |
| Ft. Lauderdale | \$85 million | Grand Rapids | \$20 million |
| Guam | \$14 million | Honolulu/Kahului | \$78 million |
| Houston | \$115 million | Jackson | \$9 million |
| John Wayne | \$12 million | Kansas City | \$34 million |
| Memphis | \$42 million | Miami | \$200 million |
| Milwaukee | \$35 million | Minneapolis/St. Paul | \$30 million |
| Nashville | \$40 million | Newark | \$99 million |
| New Orleans | \$14 million | New York LaGuardia | \$98 million |
| New York JFK | \$250 million | Oakland | \$30 million |
| Omaha | \$18 million | Orlando | \$140 million |
| Palm Beach | \$30 million | Panama City | \$10 million |
| Philadelphia | \$65 million | Portland | \$45 million |
| Port Columbus | \$22 million | Providence | \$38 million |
| Raleigh-Durham | \$40 million | Richmond | \$30 million |
| Rochester | \$10 million | St. Louis | \$90 million |
| St. Thomas | \$10 million | Salt Lake City | \$20 million |
| San Antonio | \$40 million | San Diego | \$20 million |
| San Francisco | \$22 million | San Jose | \$172 million |
| San Juan | \$130 million | SW Florida | \$28 million |
| Tampa | \$124 million | Tucson | \$10 million |
| Washington Dulles | \$121 million | Washington Reagan National | \$52 million |

Total: \$3,019 billion

We believe that there are dozens of additional airports not listed here that have yet to develop comprehensive cost estimates or that have not responded to our requests for information.

Despite these overwhelming needs, the federal government does not yet have a long-term EDS solution at a significant number of airports across the country. The TSA's task has not been made any easier by opposition from the Office of Management and Budget (OMB) to the issuance of additional LOIs to airports for these projects. It is our sincere hope that OMB will quickly move past what we believe is a short-sighted view of this problem and focus on the long-term benefits that can be achieved by immediately investing to make the terminal modifications necessary to accommodate EDS equipment.

Mr. Chairman, **in-line systems require up-front capital expenditures, but they pay for themselves in short-order through major reductions in personnel costs. This is an example of budget rules that are "penny-wise and pound foolish."** One need only look to the real-world example of the airports where EDS systems have been properly installed to get real examples of the dramatic personnel savings that can be achieved by moving forward with these projects.

We continue to look for creative approaches to address the existing EDS installation funding shortfall, and look forward to continuing our work with you and your staff in that regard. Airports stand ready to

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support the LOI process, and airport managers have repeatedly expressed to TSA their ability to accommodate a wide variety of financing options to help the federal government fulfill its responsibility.

Beyond additional resources, we urge TSA to continue its work with airport operators and managers to ensure that proposed solutions and changes are really the best course at an individual facility. Airport professionals understand the configuration and layout of their facilities better than anyone and are uniquely suited to highlight where pitfalls lie and where opportunities exist. In addition, TSA must continue to work with airport operators to optimize the use of limited space in airport facilities and to pay airports for the agency's use of space in accordance with the law.

Airports are pleased to see funding in the TSA budget request for ongoing maintenance of EDS machines. As the machines age and as their use continues to grow and their warranties expire, it is critical that funding is provided to keep the existing machines in operation and to restore machines that fail.

Encouraging Development and Deployment of New EDS Technology

In addition to investing in necessary infrastructure improvements and maintenance, the federal government needs to look toward the promise of new technology and invest in making those promises a reality. We remain convinced that there are a number of additional applications for new technology to improve baggage screening, for example, "On-screen" resolution using EDS equipment, for example, offers great promise in enhancing the efficiency of integrated in-line baggage systems, and the utilization of technology to achieve that goal should be encouraged.

The key is for the federal government to encourage innovation in these areas and to make it a priority to investigate and approve new technology as quickly as possible. We are encouraged by the recent certification by TSA of smaller "next-generation" EDS equipment that can be more easily integrated into check-in areas. We believe this equipment holds tremendous promise at numerous smaller airports across the country as a possible replacement for personnel-intensive trace detection equipment. At many of these smaller facilities, in-line solutions will not be feasible for one reason or another, so the rapid deployment of this type of equipment will produce enormous benefits. We commend TSA for its efforts to certify and deploy this equipment at several pilot-program airports and urge that the results of these pilots be evaluated and incorporated into future practices.

We must also look beyond our borders to learn from the experiences of the rest of the world. In many instances, the goals that we have been discussing over the course of the past several years both in terms of operations and technology are already a reality in many places. We would be wise to study those successes and incorporate best practices where appropriate.

Passenger Screening: Implementation of Registered Traveler and Other Programs Critical

In our view, one of the key components to improving the effectiveness and efficiency in the passenger screening arena is shifting the focus from finding dangerous "things" to finding dangerous "people." The most important weapon that the 19 terrorists had on September 11 wasn't box cutters; it was knowledge – knowledge of our aviation system and existing security protocols, which they used to their advantage.

Programs like Secure Flight and others can help identify threats before dangerous individuals have access to the aviation system and they must be pursued with careful consideration provided to a full range of individual privacy issues. Additionally, we must quickly take advantage of the opportunity that exists through deployment of a Registered Traveler program to greatly reduce the number of people subject to intense scrutiny at screening checkpoints. With more than 700 million passengers traveling through the U.S. aviation system each year – a number that is anticipated to grow to more than one billion annually within the next decade – we simply cannot afford to treat each passenger the same way. Six million passengers make up the overwhelming majority of all travel, and we should make every effort to provide

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a different screening protocol for this group of trusted travelers. The subcommittee has been apprised of the many benefits of the RT program during your recent series of hearings on the subject.

The goal moving forward for TSA and industry should be to create a permanent, interoperable RT program that improves security, expedites passenger processing, creates screening consistency, and reduces the passenger "hassle factor." We believe strongly that the program needs to move forward now operationally rather than wait for governmental or proprietary solutions to answer all the questions over time.

Conclusion

Mr. Chairman, we appreciate the opportunity to highlight a few areas in which the quick deployment of technology can produce enormous benefits in terms of additional security and greatly reduced costs to the federal government. The sooner we can move forward in these areas, the sooner we can shift resources to other homeland security needs – a priority that the tragic events in London last week tragically reinforced.

Airports have aggressively and persistently attempted to develop a collaborative working relationship with TSA and DHS since the federal government assumed direct control of passenger and baggage screening in the wake of 9/11 with the passage of the Aviation and Transportation Security Act (P.L. 108-176), and our efforts in that regard continue. In our view, a close working relationship makes perfect sense given the unique expertise of airport operators and the incentives airports have as public institutions to perform security responsibilities at the highest levels.

Thank you for allowing us to testify today.

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While the issuance of eight LOIs is certainly a good start, this represents the proverbial "tip of the iceberg." More resources are needed to address the dozens of other airports that do not currently have LOIs with the TSA. To give the subcommittee an idea of the scope of current needs, we have included the latest data we have from a number of airports that have identified EDS installation as a major challenge facing their facility.

Safety, Security, Efficiency, Cost Savings – The Case for Permanent Installation of EDS Equipment

As all of us who travel often through airports know, a large number of explosive detection machines currently sit in already overcrowded terminal areas where they were quickly installed in order to meet the 12/31/02 deadline. This "temporary" arrangement uses resources inefficiently, increasing the number of TSA personnel required to screen baggage. In addition, it inconveniences customers and potentially creates added risk for them as they attempt to check baggage and board flights.

The very real benefits that can be achieved from permanently installing EDS equipment

as evidenced by the testimony the subcommittee has received from Mike Gobb, A.A.E., of the Lexington Blue-Grass Airport in Lexington, Kentucky.

Large airports stand ready to achieve even bigger gains. Modeling in San Francisco, for example, shows savings of tens of millions of dollars annually for an in-line EDS solution

While procurement and installation of EDS systems will require significant upfront expenses, those capital costs are relatively modest when compared to the extraordinary expenses necessary to pay for literally thousands of extra screeners year after year using today's model. In addition, permanently installing EDS equipment will enhance safety and security and improve system efficiency.

While airports are eager to continue our work with the federal government to develop long-term solutions for integrating EDS equipment into airport facilities, airports simply do not have the resources to tackle this extremely costly task alone.

Efforts to gain additional funding were helped by the establishment as part of VISION-100 legislation of an Aviation Security Capital Fund that authorizes up to \$500 million a year for four years to fund EDS installation and other airport security-related improvements. We greatly appreciate the efforts of you, Mr. Chairman, and the subcommittee to make this issue a priority and ensure that key provisions were included in the final version of the legislation. We will continue to work to make sure that resources materialize to follow this authorization.

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to offer our observations on the current state of passenger and baggage screening and to outline some of the challenges that remain at airports across the country. Since the creation of the Transportation Security Administration and the assumption of baggage and passenger screening responsibilities by the agency more than two years ago, airports have made every effort to serve as an active partner with TSA in meeting its mandates and its mission. We look forward to continuing our work with the TSA and with this subcommittee to ensure that every effort is made to meet the need for the highest level of security while ensuring high levels of customer service. These twin goals are crucial to protecting our nation’s aviation system, which remains so critical to our economy, our standard of living, and our way of life.

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Deadlines Have Driven Short-Term Goals; Long-Term Approach Needed

Since the creation of the TSA in November of 2001, the majority of agency efforts with regard to passenger and baggage screening have centered on the need to meet the strict mandates and deadlines established in the law to create a fully federal workforce for airport screening duties and to screen all checked baggage placed aboard commercial flights. Over the past few years, these action-forcing mandates by the Congress have created the imperative to get things done quickly. In the context of this accelerated timetable, TSA deserves praise for the quality of its screeners and their ability to conduct screening with a professional and customer friendly demeanor. This is no small accomplishment.

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This approach, while understandable in the wake of the outrages of 9-11, has created unintentional consequences, however. On the passenger screening side, the TSA has struggled at a number of airports to adequately staff passenger screening checkpoints, while others are overstaffed, especially during slack periods of demand. Baggage screening remains an even bigger challenge

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The Partnership Role of Airport Operators

Before discussing the views of airport operators and managers on the subjects of passenger and baggage screening and the collective priorities we should have toward the future, it is important to note that the direct role of airports in passenger and baggage screening is limited by law. As the members of this subcommittee are well aware, the Aviation and Transportation Security Act (P.L. 107-71) established the TSA and gave the agency direct regulatory and operational responsibilities over passenger and baggage screening at the nation’s airports. These functions include the hiring, training, and assignment of passenger and baggage screeners as well as the regulatory function of testing, enforcing, and evaluating the success of the program. Prior to that time, operational responsibilities fell largely to the airlines that operated the screening functions, and enforcement fell to the Federal Aviation Administration (FAA).

Under the current regulatory regime, airports recognize that they have a tremendous stake in serving as an active partner with the TSA to meet the requirements of the law and to ensure that every effort is undertaken to achieve the highest levels of security, customer service and system efficiency. Our airport members have sought aggressively to work with TSA to tackle problems relating to passenger and baggage screening, and many, as you will hear in other testimony today, have strong views about how improvements can be made, particularly with regard to two areas. First, there is a need to install explosive detection equipment “in-line” at airports across the country as quickly as possible. Second, there is a need to provide additional local flexibility in meeting staffing requirements at passenger screening checkpoints.

It is also important to note that airports along with our partners in local law enforcement have always exercised direct responsibilities in areas of airport security beyond baggage and passenger screening, such as perimeter security, access control, and airport parking. Airports and our local government partners have performed these functions exceptionally well since the inception of the recognized need for security of our customers and facilities, and we believe strongly that these responsibilities should remain at the local level. Keeping traditionally local responsibilities in local hands has the added advantage of allowing the TSA to leverage airport and local resources and enables the agency to better focus on its core missions of baggage and passenger screening and providing intelligence to local law enforcement.

Airports are public institutions and, therefore, have the necessary and appropriate incentives to perform security responsibilities at the highest levels. The primary mission of an airport is to establish and maintain a safe and secure environment for travelers and the general public and to serve the community and the national aviation system by encouraging competitive air service. Airports have always been responsible for the safety and security of their facilities and the people who use them, and this will continue to be so.

Establishing a more balanced federal-local partnership should be a collective goal of all of us. The best path forward to more effective, efficient and secure airport passenger and baggage screening is one where federal resources and standards pave the way guided by local experience and management.

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. As all of us who travel often through airports know, a large number of explosive detection machines currently sit in already overcrowded terminal areas where they were quickly installed in order to meet the 12/31/02 deadline. This “temporary” arrangement uses resources inefficiently, increasing the number of TSA personnel required to screen baggage. In addition, it inconveniences customers and potentially creates added risk for them as they attempt to check baggage and board flights.

Unfortunately, these problems arising from TSA staffing challenges and overcrowded terminals will only get worse as traffic continues to return to the aviation system. An artificial “cushion” was created by the drop in passenger demand over the last three years. October 2003 enplanements, for example, were down 13.6 percent from October 2000 levels.

Passenger traffic is returning quickly, however, and airlines continue to add back seats in existing and new markets. Unless we take steps now to address these shortcomings and make the infrastructure and technology investments necessary to improve system security and efficiency, we will not optimize our federal and local investments, and we risk reliving the dismal passenger experiences of the summer of 2000. It is time to shift from the reactive mode we have taken

toward security in recent years to a proactive approach that achieves better security in a smarter, quicker, more efficient manner.

EDS Installation – Potential for Significant Security Upgrades and Personnel Savings

Nowhere can better improvements be made in aviation security and system efficiency than in the area of explosive detection system (EDS) installation at airports. While the costs of moving EDS equipment out of crowded terminal lobbies and placing it “in-line” as part of an airport’s integrated baggage system are significant with a price tag estimated between \$4 billion and \$5 billion nationally, investing now in this effort will improve security and service and produce significant personnel savings.

The case of the Lexington Blue-Grass Airport in Lexington, Kentucky, offers a perfect example. In Lexington, a \$3.5 million investment to make the terminal modifications necessary to establish an in-line baggage system instead of the terminal lobby explosive trace detection (ETD) protocol that was offered as an alternative has resulted in annual personnel savings of more than \$3 million. The TSA has been able to use four screeners for the in-line system per shift rather than the 30 that would have been necessary for primary checked bag screening using the ETD configuration. In addition, the in-line EDS option in Lexington allows for reduced congestion in terminal areas, a result that improves security and enhances passenger convenience. Large airports stand ready to achieve even bigger gains. Modeling in San Francisco, for example, shows savings of tens of millions of dollars annually for an in-line EDS solution.

While virtually everyone agrees that integrating EDS equipment in-line makes sense and is a wise long-term investment, gaining the estimated \$4 billion to \$5 billion needed at airports across the country to reinforce flooring, make electrical upgrades, and construct new facilities has been difficult given federal budget constraints and the ways in which the existing money has been invested. To this point, Congress has appropriated \$1.488 billion for EDS-related terminal modifications, although significant portions of those funds were used by TSA on the short-term challenges associated with getting EDS machines in airports to meet the 12/31/02 deadline, leaving a resource gap of at least \$3.5 billion.

Efforts to gain additional funding were helped by the establishment as part of VISION-100 legislation of an Aviation Security Capital Fund that authorizes up to \$500 million a year for four years to fund EDS installation and other airport security-related improvements. We greatly appreciate the efforts of you, Mr. Chairman, and the subcommittee to make this issue a priority and ensure that key provisions were included in the final version of the legislation. We will continue to work to make sure that resources materialize to follow this authorization.

VISION-100 also reaffirms the use of a Letter of Intent (LOI) process by TSA, with individual airports specifying long-term funding arrangements for these types of projects. In simple terms, the LOI process allows interested airports to provide immediate funding for key projects with a promise that the federal government will reimburse the airport for those expenses over several years. At Dallas-Fort Worth International Airport, for example, the airport used its strong rating in the financial market to leverage the LOI and to issue bonds to install these systems. This approach takes advantage of professional airport management capabilities and maximizes the use of limited federal resources to ensure that key construction projects get underway as soon as possible.

To this point, TSA has issued LOIs to eight airports (see chart below), committing just over a billion dollars to those projects. Although airports contend that the cost of these projects should be met entirely by the federal government, given its direct responsibility for baggage screening

established in law, in light of the national security imperative for doing so, and because of the economic efficiencies of this strategy, airports are required by law to provide a local match of 10 percent in the case of large and medium hubs and 5 percent for smaller airports. We were surprised to see that the President's budget request for fiscal year 2005 ignores current law and proposes a local match of 25 percent for larger airports and a 10 percent match for smaller airports.

While the issuance of eight LOIs is certainly a good start, this represents the proverbial "tip of the iceberg." More resources are needed to address the dozens of other airports that do not currently have LOIs with the TSA. To give the subcommittee an idea of the scope of current needs, we have included the latest data we have from a number of airports that have identified EDS installation as a major challenge facing their facility.

LOI Airports

| Airport | LOI Total Cost |
|----------------------------|------------------------|
| Atlanta | \$125 million |
| Boston Logan | \$116 million |
| Dallas/Fort Worth | \$139 million |
| Denver International | \$95 million |
| Las Vegas McCarran | \$125 million |
| Los Angeles/Ontario | \$342 million |
| Phoenix | \$122 million |
| Seattle/Tacoma | \$212 million |
| Total LOI Airports: | \$1.276 Billion |

Airports Currently Without Funding in Place for EDS Installation (With Project Cost Estimate)

| | |
|-----------------------|---------------|
| Albuquerque | \$48 million |
| Anchorage | \$30 million |
| Biloxi | \$5 million |
| Bismarck | \$20 million |
| Bradley | \$35 million |
| BWI | \$65 million |
| Charlotte | \$40 million |
| Chicago Midway/O'Hare | \$90 million |
| Cincinnati | \$20 million |
| Cleveland | \$45 million |
| Colorado Springs | \$15 million |
| Detroit | \$100 million |
| Elgin AFB | \$2 million |
| El Paso | \$15 million |
| Ft. Lauderdale | \$85 million |
| Grand Rapids | \$20 million |
| Guam | \$14 million |
| Harrisburg | \$15 million |
| Honolulu/Kahului | \$78 million |
| Houston | \$115 million |
| Jackson | \$9 million |
| John Wayne | \$12 million |
| Kansas City | \$34 million |
| Memphis | \$42 million |

| | |
|----------------------------|------------------------|
| Miami | \$200 million |
| Milwaukee | \$35 million |
| Minneapolis/St. Paul | \$30 million |
| Nashville | \$40 million |
| Newark | \$99 million |
| New Orleans | \$14 million |
| New York LaGuardia | \$98 million |
| New York JFK | \$250 million |
| Oakland | \$30 million |
| Omaha | \$18 million |
| Orlando | \$65 million |
| Palm Beach | \$30 million |
| Panama City | \$10 million |
| Philadelphia | \$65 million |
| Portland | \$45 million |
| Port Columbus | \$22 million |
| Providence | \$38 million |
| Raleigh-Durham | \$40 million |
| Richmond | \$30 million |
| Rochester | \$10 million |
| St. Louis | \$90 million |
| St. Thomas | \$10 million |
| Salt Lake City | \$20 million |
| San Antonio | \$40 million |
| San Diego | \$20 million |
| San Francisco | \$22 million |
| San Jose | \$172 million |
| San Juan | \$130 million |
| SW Florida | \$28 million |
| Tampa | \$124 million |
| Tucson | \$10 million |
| Washington Dulles | \$121 million |
| Washington Reagan National | \$52 million |
| Total: | \$2.962 billion |

The need for just these airports tops \$4 billion, and we believe that there are dozens of additional airports not listed here that have yet to develop comprehensive cost estimates or that have not yet responded to our requests for information.

Despite the overwhelming need of dozens of airports from coast to coast, TSA has stated that it intends to sign only a handful of additional LOIs, leaving a significant number of airports across the country without a long-term EDS solution. The TSA's task has not been made any easier by opposition from the Office of Management and Budget (OMB) to the issuance of additional LOIs to airports for these projects. It is our sincere hope that OMB will quickly move past what we believe is a short-sighted view of this problem and focus on the long-term benefits that can be achieved by immediately investing to make the terminal modifications necessary to accommodate EDS equipment. The longer these investments are stretched out, the more resources are wasted unnecessarily.

Mr. Chairman, the installation of EDS equipment in airports is a perfect example where the federal government cannot afford to be penny-wise and pound foolish. While it is true that the procurement and installation of EDS systems will require significant upfront expenses, those capital costs are relatively modest when compared to the extraordinary expenses necessary to pay for literally thousands of extra screeners year after year after year using today's model.

We urge TSA to continue its work with airport operators and managers to ensure that proposed solutions and changes are really the best course at an individual facility. Airport professionals understand the configuration and layout of their facilities better than anyone and are uniquely suited to highlight where pitfalls lie and where opportunities exist. In addition, TSA must continue to work with airport operators to optimize the use of limited space in airport facilities and to pay airports for the agency's use of space in accordance with the law.

Airports are pleased that the TSA is seeking significant resources in the fiscal year 2005 budget for ongoing maintenance of EDS machines. As the machines age and as their use continues to grow and their warranties expire, it is critical that funding is provided to keep the existing machines in operation and to restore machines that fail.